



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



**FILE COPY**

**DARLENE GREEN**  
Comptroller

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**DR. KENNETH M. STONE, CPA**  
Internal Audit Executive

December 2, 2009

Steve Mastin II, Vice President/CFO  
Provident, Inc.  
2650 Olive Street  
St. Louis, MO 63103

RE: Workforce Investment Act (WIA) (Project #2009-SLATE4)

Dear Mr. Mastin:

Enclosed is a report of our fiscal monitoring review of Provident, Inc.'s (a not-for-profit organization), Workforce Investment Act Youth Program, for the period July 1, 2008 through September 30, 2008. The scope of a fiscal monitoring review is less than an audit and, as such, we do not express an opinion on the financial operations of Provident, Inc. Fieldwork was completed on January 5, 2009.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the St. Louis Agency on Training and Employment (SLATE) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone  
Internal Audit Executive

Enclosure

cc: Michael Holmes, Executive Director, SLATE  
Kim Neske, Fiscal Manager, SLATE



# CITY OF ST. LOUIS

**ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)  
WORKFORCE INVESTMENT (WIA)**

**PROVIDENT, INC  
CONTRACT #228-09  
CFDA #17.259**

**FISCAL MONITORING REVIEW**

**JULY 1, 2008 THROUGH SEPTEMBER 30, 2008**

**PROJECT #2009-SLATE4**

**DATE ISSUED: DECEMBER 2, 2009**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)  
WORKFORCE INVESTMENT ACT (WIA)  
PROVIDENT, INC.  
FISCAL MONITORING REVIEW  
JULY 1, 2008 THROUGH SEPTEMBER 30, 2008**

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## **SUMMARY OF OBSERVATIONS**

### **Background**

**Contract Name:** Provident, Inc.  
**Contract Number:** 228-09  
**CFDA Number:** 17.259  
**Contract Period:** July 1, 2008 through June 30, 2009  
**Contract Amount:** \$322,557.00

This contract provides Workforce Investment Act funds through the St. Louis Agency on Training and Employment (SLATE) to Provident, Inc. (Agency) for its Workforce Investment Act youth program – Transitions to Work for Youth. The Agency is expecting to serve a total of 160 youth, with 65 reaching the final performance target. Their goal is to provide wrap-around services to alleviate the clients' barriers to education and employment. Such services include clinical case management, job readiness training and mentoring, emergency housing, substance abuse treatment, vocational training, and GED and remedial education and training.

### **Purpose**

The purpose of our review was to determine the Agency's compliance with federal, state and local SLATE requirements for the period July 1, 2008 through September 30, 2008, and make recommendations for improvements, as considered necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grant administered by SLATE. Evidence was tested supporting the reports the Agency submitted to SLATE and other procedures were performed, as considered necessary. Fieldwork was completed on January 5, 2009.

### **Exit Conference**

An exit conference was offered to the Agency on September 24, 2009, but the Agency declined.

### **Management's Responses**

On September 24, 2009, the Agency was provided with our observations and recommendations and a response was requested by October 5, 2009; however, as of the date of the report, the Agency has not responded.

## SUMMARY OF OBSERVATIONS

### Conclusion

The Agency did not fully comply with federal, state, and local SLATE requirements.

### Status of Prior Observations

The prior fiscal monitoring report, Project #2008-SLATE2, issued on September 12, 2008, contained three observations:

1. The Agency has going concern issues. **(Resolved)**
2. The Agency provided inadequate supporting documentation for reimbursement. **(Resolved)**
3. The Agency changed their percentage of salary without written approval from SLATE. **(Repeated, see current observation #1)**

### A-133 Status

The Agency was not required to have an A-133 audit for the period ending December 31, 2007 because they did not expend \$500,000 or more in federal funds.

### Summary of Current Observations

Recommendations were made for the following observations which, if implemented, could assist the Agency in fully complying with federal, state, and local SLATE requirements.

1. Opportunity to adhere to budget limitations
2. Opportunity to submit monthly financial reports in a timely manner

**DETAILED OBSERVATIONS, RECOMMENDATIONS  
AND MANAGEMENT'S RESPONSES**

**1. Opportunity To Adhere To Budget Limitations**

The Agency exceeded its salary budget without written approval from SLATE.

Based on the Agency's reimbursement request for September 30, 2008, it requested and received reimbursement for the senior case manger's salary that exceeded the grant budget by \$302.80, as follows:

<b>Position</b>	<b>Pay Period Ended</b>	<b>Budget</b>	<b>Amount Reimbursed</b>	<b>Questioned Cost</b>
Senior Case Manager	September 15, 2008	\$836.72	\$988.13	\$151.40
Senior Case Manager	September 30, 2008	\$836.72	\$988.13	\$151.40
Total				\$302.80

According to the grant agreement, no more than the specified amount, as stated in the Budget Section, may be spent for the per performance unit cost or by activity, " It shall be the Contractee's responsibility to monitor the spending activities in order to avoid over-expenditure of any line item, and to take the appropriate action to avoid over-expenditures."

The Agency did not have a system of internal controls in place to monitor and adhere to the percentages and salary amounts that are included in the contract's budget section.

Noncompliance with the provisions of the grant agreement may result in suspension or termination of the SLATE grant agreement with the Agency.

**Recommendation**

It is recommended that the Agency:

- Establish a system of internal controls to monitor and ensure its compliance with the provisions of the grant agreement. If the Agency feels that the grant's budget does not reflect its current needs, then a written approval and modification of the grant agreement must be obtained from SLATE.
  
- Repay SLATE the questioned amount of \$302.80.

**Management's Response**

*On September 24, 2009, the Agency was provided with our observations and recommendations and a response was requested by October 5, 2009; however, as of the date of the report, the Agency has not responded.*

## **2. Opportunity To Submit Monthly Financial Reports In A Timely Manner**

The Agency did not submit its monthly reimbursement request in a timely manner. The reimbursement request for September 30, 2008, was submitted on December 11, 2008.

Section 19, "Payments under the Contract", of the grant agreement states that a monthly reimbursement request must be received by SLATE's fiscal manager no later than five (5) business days following the end of each reporting period.

The Agency did not have a system of controls in place to ensure compliance with the reporting provisions of the grant agreement.

Late submission of monthly financial reports may result in:

- A 5% non-compliance penalty assessed to the requested reimbursement amount.
- Delays in processing of the reimbursement request.
- Disallowance of funds established as part of the Scope of Service.

### **Recommendation**

It is recommended that the Agency establish a system of internal controls to ensure its compliance with the reporting requirements of the grant agreement.

### **Management's Response**

*On September 24, 2009, the Agency was provided with our observations and recommendations and a response was requested by October 5, 2009; however, as of the date of the report, the Agency has not responded.*